

CITY OF SAN JOSE

2008-2009 ADOPTED CAPITAL BUDGET

CAPITAL PROGRAM PERFORMANCE MEASURES

A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction.

The following table lists the city-wide capital program performance measures. These measures are designed to provide uniformity and consistency, provide clear and measurable outcomes, and to encourage operating CSAs and departments to consider total requirements for service delivery, including capital facilities and assets.

City-Wide Capital Program Performance Measures

5 Year Strategic Goals		2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Deliver Quality CIP projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	75% (79/106)	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	85% (35/41)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	TBD***	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	85%****	85%	85%

Changes to Performance Measures from 2007-2008 Adopted Budget: No

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

*** 2007-2008 O&M surveys are being conducted for select projects that reached beneficial use in 2006-2007. Survey results are not available at this time.

**** 2007-2008 Customer Satisfaction survey results based on projects that reached beneficial use in 2007-2008.

Performance Measurement Update

As the City approaches the latter part of the *Decade of Investment*, the majority of projects funded by the three voter-approved bond programs from 2000 and 2002 have been delivered to the community. As a result, the City is beginning to see a reduction in the overall number of delivered projects. For 2007-2008, it is estimated that City staff delivered 106 projects to the community, compared to 136 projects delivered in 2006-2007. While the City has been successful in delivering over 1,100 projects to the community since the year 2000, it is expected that the overall number of active projects will continue to decline in the coming years. In terms of on-time delivery performance, it is estimated that 75% of the projects delivered in 2007-2008 were delivered within baseline schedules. While this is below the 85% "on-time" performance target, City staff has identified potential project-related issues that have impacted timely project delivery. Two of the most significant reasons for project schedule extensions include coordination with other utility agencies (PG&E-related utility connections and resolution of utility conflicts) and a shortage of City

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CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update (Cont'd.)

staff resources. Twelve project extensions, or over 40% of the total number of city-wide capital projects with schedule extensions, were caused by utility related delays or lack of adequate staffing resources.

On-budget performance is measured after all costs have been accounted for and after recordation of project acceptance by the County of Santa Clara. Project acceptance can occur months or sometimes a year or more after a project reaches beneficial use because of such issues as the time required to complete punch list items or resolve contractor claims. Of the 41 projects estimated to have been accepted in 2007-2008, and included in the on-budget performance calculation, an estimated 85% were completed on-budget as compared to project baseline budgets. This is below the 90% "on-budget" performance target. Some projects went over budget due to project schedule-related delays, which often required additional costs to staff, consultants, and/or contractors. In addition, some projects experienced higher than anticipated right-of-way costs and utility conflicts, which often required significant redesigns. Staff is working to improve the schedule and cost estimating processes in an effort to meet performance targets. As such, an effort is underway to revise the existing Cost Estimating Policy (Council Policy 8-12) with the goal of strengthening the alignment of project scopes, schedules and budgets, while also accounting for external market conditions that may affect the delivery of capital projects.

It is important to note that all projects are delivered within the Council approved budget. On May 6, 2008, Council approved the staff recommendation, which was included as part of the Status Report on the Citywide Capital Improvement Program (CIP) and Strong Neighborhoods Initiative (SNI) Projects, to align a project's baseline budget with the appropriated project budget whenever Council approves a change to the project budget either through the annual budget process or through specific appropriation actions due to changes in scope or fluctuations in market conditions. Baseline budget resets shall be brought forward for Council review and approval as part of future CIP/SNI Status Reports when project budgets are changed due to reasons other than those mentioned above.

The performance measurement for quality is derived from surveys in which operations and maintenance groups provide their opinions on completed capital projects. Operators measure how well the projects function and serve the purposes specified during the project scope development phase. Maintenance groups respond to how well projects are sustainable in terms of ongoing maintenance. Because most projects have a one-year warranty period provided by the contractors and because of training of operators and maintenance staff on new or modified facilities, surveys for capital projects are conducted after a facility has been in beneficial use for one year. Operations and maintenance surveys were conducted in 2007-2008 for a representative sample of projects that reached beneficial use in 2006-2007. Survey results are not available at this time, but will be included in future CIP/SNI Status Reports to Council.

The customer satisfaction performance measurement surveys gather public feedback on completed capital projects. These surveys are conducted after a project has been delivered and is in use. Most

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CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)

Performance Measurement Update (Cont'd.)

CSAs conducted surveys on users of facilities, such as in libraries, parks, and public buildings. Some CSAs conducted surveys of residents and businesses impacted by the construction of the project as it is difficult to obtain useful public feedback on projects such as sewers, sidewalks, and traffic signals.

Customer satisfaction surveys were conducted for a representative sample of projects that reached beneficial use in 2007-2008. Survey results for a sampling of projects in the Environmental and Utility Services CSA are available and indicate customers were generally pleased with the new capital improvements and staff's efforts to minimize construction impacts, giving an average rating of 85%. CSA's are continuing their surveying efforts and additional survey results will be included in future CIP/SNI Status Reports to Council. In addition, staff is evaluating more effective methods of conducting these surveys, including improvements to the structure and format, which will yield a higher percentage of returned surveys.